

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

CHARTER TOWNSHIP OF SUPERIOR

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

CHARTER TOWNSHIP OF SUPERIOR

TOWNSHIP OFFICIALS

Supervisor - William McFarlane
Clerk - Kay Williams
Treasurer - Brenda McKinney

BOARD OF TRUSTEES

William McFarlane
Kay Williams
Brenda McKinney
Nancy Caviston
David Phillips
Lisa Lewis
Rodrick Green

LEGAL COUNSEL

Reading, Etter & Lillich
Hamilton, McDonald & Carter

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

April 13, 2005

Board of Trustees
Charter Township of Superior
3040 North Prospect
Ypsilanti, MI 48198

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Superior, as of and for the year ended December 31, 2005, which collectively comprise the Charter Township of Superior's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of Superior's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of Superior, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplementary information on pages 8 through 13 and 48 through 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Superior's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT
DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis December 31, 2005

Within this section of Charter Township of Superior's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended December 31, 2005. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township has implemented the new financial reporting model used in this report beginning with the prior fiscal year ended December 31, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year were \$25,554,653. This is a \$3,142,906 increase over last year's net assets of \$22,411,747.

The following tables provide a summary of the Township's financial activities and changes in net assets:

CHARTER TOWNSHIP OF SUPERIOR SUMMARY OF NET ASSETS DECEMBER 31, 2004 & 2005

	GOVERNMENTAL ACTIVITIES		
	12/31/05	12/31/04	Increase (Decrease)
ASSETS			
Current and other assets	\$ 6,051,359	\$ 6,210,896	\$ (159,537)
Capital assets	<u>4,970,459</u>	<u>4,786,226</u>	<u>184,233</u>
Total assets	<u>11,021,818</u>	<u>10,997,122</u>	<u>24,696</u>
LIABILITIES			
Other liabilities	381,121	669,211	(288,090)
Deferred revenues	2,859,636	2,592,688	266,948
Bonds and contracts payable	<u>1,407,857</u>	<u>1,455,000</u>	<u>(47,143)</u>
Total liabilities	<u>4,648,614</u>	<u>4,716,899</u>	<u>(68,285)</u>
NET ASSETS			
Invested in capital assets, net of restricted	3,562,602	3,331,226	231,376
Unrestricted	<u>2,810,602</u>	<u>2,948,997</u>	<u>(138,395)</u>
Total net assets	<u>\$ 6,373,204</u>	<u>\$ 6,280,223</u>	<u>\$ 92,981</u>

BUSINESS TYPE ACTIVITIES			TOTALS		
<u>12/31/05</u>	<u>12/31/04</u>	<u>Increase (Decrease)</u>	<u>12/31/05</u>	<u>12/31/04</u>	<u>Increase (Decrease)</u>
\$ 13,285,507	\$ 13,454,099	\$ (168,592)	\$ 19,336,866	\$ 19,664,995	\$ (328,129)
<u>13,959,374</u>	<u>10,692,582</u>	<u>3,266,792</u>	<u>18,929,833</u>	<u>15,478,808</u>	<u>3,451,025</u>
<u>27,244,881</u>	<u>24,146,681</u>	<u>3,098,200</u>	<u>38,266,699</u>	<u>35,143,803</u>	<u>3,122,896</u>
856,289	520,157	336,132	1,237,410	1,189,368	48,042
			2,859,636	2,592,688	266,948
<u>7,207,143</u>	<u>7,495,000</u>	<u>(287,857)</u>	<u>8,615,000</u>	<u>8,950,000</u>	<u>(335,000)</u>
<u>8,063,432</u>	<u>8,015,157</u>	<u>48,275</u>	<u>12,712,046</u>	<u>12,732,056</u>	<u>(20,010)</u>
6,752,231	3,197,582	3,554,649	10,314,833	6,528,808	3,786,025
<u>12,429,218</u>	<u>12,933,942</u>	<u>(504,724)</u>	<u>15,239,820</u>	<u>15,882,939</u>	<u>(643,119)</u>
<u>\$ 19,181,449</u>	<u>\$ 16,131,524</u>	<u>\$ 3,049,925</u>	<u>\$ 25,554,653</u>	<u>\$ 22,411,747</u>	<u>\$ 3,142,906</u>

CHARTER TOWNSHIP OF SUPERIOR
SUMMARY OF CHANGES IN NET ASSETS
FOR THE YEARS ENDING DECEMBER 31, 2005 & 2004

	GOVERNMENTAL ACTIVITIES		
	<u>12/31/05</u>	<u>12/31/04</u>	<u>Increase (Decrease)</u>
REVENUES			
Program revenues			
Charges for services	\$ 1,127,144	\$ 1,088,406	\$ 38,738
Capital/operating grants and contributions	177,160	107,837	69,323
General revenues			
State shared revenues	779,482	789,328	(9,846)
Property taxes	2,559,567	1,976,501	583,066
Interest	142,185	60,538	81,647
Other	<u>157,240</u>	<u>129,532</u>	<u>27,708</u>
Total revenues	<u>4,942,778</u>	<u>4,152,142</u>	<u>790,636</u>
EXPENSES			
General government	1,564,307	1,237,927	326,380
Building department	429,296	364,055	65,241
Fire protection	1,608,421	1,171,310	437,111
Police protection	731,126	692,902	38,224
Parks and recreation	236,517	241,749	(5,232)
Public works	185,832	210,076	(24,244)
Library	46,000	46,000	
Interest on long term debt	48,298	49,450	(1,152)
Water and sewer systems			
Total expenses	<u>4,849,797</u>	<u>4,013,469</u>	<u>836,328</u>
CHANGES IN NET ASSETS	92,981	138,673	(45,692)
BEGINNING NET ASSETS	<u>6,280,223</u>	<u>6,141,550</u>	<u>138,673</u>
Ending net assets	<u>\$ 6,373,204</u>	<u>\$ 6,280,223</u>	<u>\$ 92,981</u>

BUSINESS TYPE ACTIVITIES			TOTALS		
12/31/05	12/31/04	Increase (Decrease)	12/31/05	12/31/04	Increase (Decrease)
\$ 2,670,355	\$ 2,399,694	\$ 270,661	\$ 3,797,499	\$ 3,488,100	\$ 309,399
3,049,016	5,024,991	(1,975,975)	3,226,176	5,132,828	(1,906,652)
			779,482	789,328	(9,846)
			2,559,567	1,976,501	583,066
369,157	156,370	212,787	511,342	216,908	294,434
			157,240	129,532	27,708
<u>6,088,528</u>	<u>7,581,055</u>	<u>(1,492,527)</u>	<u>11,031,306</u>	<u>11,733,197</u>	<u>(701,891)</u>
			1,564,307	1,237,927	326,380
			429,296	364,055	65,241
			1,608,421	1,171,310	437,111
			731,126	692,902	38,224
			236,517	241,749	(5,232)
			185,832	210,076	(24,244)
			46,000	46,000	
			48,298	49,450	(1,152)
<u>3,038,603</u>	<u>2,978,445</u>	<u>60,158</u>	<u>3,038,603</u>	<u>2,978,445</u>	<u>60,158</u>
<u>3,038,603</u>	<u>2,978,445</u>	<u>60,158</u>	<u>7,888,400</u>	<u>6,991,914</u>	<u>896,486</u>
3,049,925	4,602,610	(1,552,685)	3,142,906	4,741,283	(1,598,377)
<u>16,131,524</u>	<u>11,528,914</u>	<u>4,602,610</u>	<u>22,411,747</u>	<u>17,670,464</u>	<u>4,741,283</u>
<u>\$ 19,181,449</u>	<u>\$ 16,131,524</u>	<u>\$ 3,049,925</u>	<u>\$ 25,554,653</u>	<u>\$ 22,411,747</u>	<u>\$ 3,142,906</u>

This year the Township's governmental funds revenues and expenses did not change much when compared to the prior year. As a total, the net assets only increased \$92,981. However, when one reviews revenues and expenses individually, it appears that the Township general activities are increasing significantly. Revenues increased 19% and expenses increased almost 21% over the prior year.

The business type fund (water and sewer) continues to expand significantly. New connection fees revenue was over \$3,049,000 which gives one the realization of growth in the Township. The total connection fees consists of over \$1,721,000 cash proceeds and over \$1,327,000 of developer contributions to infrastructure of the systems.

Financial Analysis of the Township's Major Funds

The General Fund has a small decrease in it's fund balance of \$49,922 which consisted of transfers to other funds of \$224,983.

The fire operating fund made transfers - (out) of \$744,358 to a new reserve fund which will be used for various board designated items such as retirement, health savings, compensated absences, and equipment. The transfer reduced the fire operating fund's fund balance significantly down to \$303,356.

The building fund increased its fund balance over \$81,000 due to the hospital In the Township making some large expansions.

The law enforcement fund also increased its fund balance over \$64,000 due to some cost cutting measures.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Total budgeted appropriations exceeded actual expenditures by \$156,637. Expenditures are budgeted by line item, and none of these line items exceeded budgeted appropriations. The budget was amended during the year to account for immaterial economic reality discrepancies.

Capital Asset and Debt Administration

The governmental funds of the Township purchased \$277,858 of new capital assets this year. This included \$236,777 of fire hall construction costs.

The governmental funds issued no debt during the year, but managed to extinguish \$47,143 of the \$1,500,000 previously outstanding debt related to the fire hall construction.

The business-type activities began several construction projects for the water and sewer department totaling \$2,293,930 for the year. Total capital assets improvements and equipment for the department totaled \$158,339.

The business-type activities issued no debt for the year ended December 31, 2005.

Economic Conditions and Future Activities

The Township is anticipating a further drop in state revenue sharing for its general fund to continue into next year due to the declining economic environment. State Revenue Sharing is made up of two components, statutory and constitutional. The constitutional amount can not be adjusted by the state legislature and accounted for approximately 90% of the total received. The statutory amount can be adjusted by the state legislature and accounted for approximately 10% received. The Township will continue to have a very active 2006 year related to planning for new developments which will keep planning revenues and expenses high.

The Township is also continuing its expansion and improvement of the water and sewer system to meet increased user demands. There are several construction projects under way to replace infrastructure and expand the systems.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Charter Township of Superior at 3040 North Prospect, Ypsilanti, Michigan, 48198.

BASIC
FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,971,354	\$12,783,457	\$15,754,811
Receivables			
Taxes	1,748,273		1,748,273
Special assessments	43,116		43,116
State shared revenues	262,724		262,724
Accounts	140,447	439,157	579,604
Intergovernmental	800,238	11,276	811,514
Inventory		32,057	32,057
Prepaid expenditures	85,207	19,560	104,767
Capital assets			
Land	991,001		991,001
Buildings and improvements	4,229,305	42,902	4,272,207
Utility System		13,305,410	13,305,410
Vehicles and equipment	1,281,869	296,727	1,578,596
Construction in progress		2,646,711	2,646,711
Less accumulated depreciation	<u>(1,531,716)</u>	<u>(2,332,376)</u>	<u>(3,864,092)</u>
Total assets	<u>11,021,818</u>	<u>27,244,881</u>	<u>38,266,699</u>
LIABILITIES			
Accounts payable	139,664	201,860	341,524
Accounts payable - intergovernmental		17,815	17,815
Accrued compensated absences	241,457	31,032	272,489
Deposits		605,582	605,582
Deferred revenues	2,859,636		2,859,636
Contracts payable		5,330,000	5,330,000
Bonds payable	<u>1,407,857</u>	<u>1,877,143</u>	<u>3,285,000</u>
Total liabilities	<u>4,648,614</u>	<u>8,063,432</u>	<u>12,712,046</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,562,602	6,752,231	10,314,833
Unrestricted	<u>2,810,602</u>	<u>12,429,218</u>	<u>15,239,820</u>
Total net assets	<u>\$ 6,373,204</u>	<u>\$19,181,449</u>	<u>\$25,554,653</u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF SUPERIOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES				
General government	\$ (1,564,307)	\$ 443,807	\$ 84,046	\$
Building department	(429,296)	496,264		
Fire protection	(1,608,421)	39,922	1,500	
Police protection	(731,126)	135,571		
Parks and recreation	(236,517)	11,580	11,250	
Public works	(185,832)		80,364	
Library	(46,000)			
Interest on long-term debt	(48,298)			
Total governmental activities	<u>(4,849,797)</u>	<u>1,127,144</u>	<u>177,160</u>	
BUSINESS-TYPE ACTIVITIES				
Sewer and water	<u>(3,038,603)</u>	<u>2,670,355</u>		<u>3,049,016</u>
Total	<u>\$ (7,888,400)</u>	<u>\$ 3,797,499</u>	<u>\$ 177,160</u>	<u>\$ 3,049,016</u>

General Revenues:
Property taxes
State shared revenues
Unrestricted investment earnings
Rental income
Cable franchise fees
Other income

Total general revenues

Change in net assets

Net assets, January 1, 2005

Net assets, December 31, 2005

The accompanying notes are an integral part of the financial statements.

Net (Expenses) Revenue
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,036,454)	\$	\$ (1,036,454)
66,968		66,968
(1,566,999)		(1,566,999)
(595,555)		(595,555)
(213,687)		(213,687)
(105,468)		(105,468)
(46,000)		(46,000)
<u>(48,298)</u>		<u>(48,298)</u>
<u>(3,545,493)</u>		<u>(3,545,493)</u>
	<u>2,680,768</u>	<u>2,680,768</u>
2,559,567		2,559,567
779,482		779,482
142,185	369,157	511,342
15,895		15,895
110,173		110,173
<u>31,172</u>		<u>31,172</u>
<u>3,638,474</u>	<u>369,157</u>	<u>4,007,631</u>
92,981	3,049,925	3,142,906
<u>6,280,223</u>	<u>16,131,524</u>	<u>22,411,747</u>
<u>\$ 6,373,204</u>	<u>\$ 19,181,449</u>	<u>\$ 25,554,653</u>

FUND
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Law Fund</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 556,031	\$ 487,095	\$ 155,986
Accounts receivable - taxes	260,426	1,041,506	446,341
Accounts receivable - special assessments			
Accounts receivable - state shared	262,724		
Due from other funds	202,096	448,833	192,349
Accounts receivable - other	127,480	93	11,776
Prepaid expenditures	<u>29,240</u>	<u>51,669</u>	<u></u>
Total assets	<u>\$ 1,437,997</u>	<u>\$ 2,029,196</u>	<u>\$ 806,452</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts payable	\$ 104,802	\$ 19,083	\$ 3,487
Deferred revenue	423,382	1,693,205	725,629
Due to other funds	<u>7,917</u>	<u>13,552</u>	<u></u>
Total liabilities	<u>536,101</u>	<u>1,725,840</u>	<u>729,116</u>
<u>FUND BALANCE</u>			
Fund Equity			
Reserved:			
Park land development			
Unreserved			
Designated	21,452		
Undesignated	<u>880,444</u>	<u>303,356</u>	<u>77,336</u>
Total fund equity	<u>901,896</u>	<u>303,356</u>	<u>77,336</u>
Total liabilities and fund equity	<u>\$ 1,437,997</u>	<u>\$ 2,029,196</u>	<u>\$ 806,452</u>

The accompanying notes are an integral part of the financial statements.

<u>Building Fund</u>	<u>Other Non-major Funds</u>	<u>Totals</u>
\$ 772,003	\$ 1,000,239	\$ 2,971,354
		1,748,273
	43,116	43,116
		262,724
1,548	46,012	890,838
	1,098	140,447
<u>2,176</u>	<u>2,122</u>	<u>85,207</u>
<u>\$ 775,727</u>	<u>\$ 1,092,587</u>	<u>\$ 6,141,959</u>

\$ 2,910	\$ 9,382	\$ 139,664
	17,420	2,859,636
<u>9,040</u>	<u>60,091</u>	<u>90,600</u>
<u>11,950</u>	<u>86,893</u>	<u>3,089,900</u>

	12,414	12,414
319,246	741,700	1,082,398
<u>444,531</u>	<u>251,580</u>	<u>1,957,247</u>
<u>763,777</u>	<u>1,005,694</u>	<u>3,052,059</u>
<u>\$ 775,727</u>	<u>\$ 1,092,587</u>	<u>\$ 6,141,959</u>

CHARTER TOWNSHIP OF SUPERIOR
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
DECEMBER 31, 2005

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 3,052,059
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Historical cost	\$6,502,175	
Depreciation	<u>(1,531,716)</u>	
Capital assets net of depreciation		4,970,459
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. This includes:		
Bonds payable	(1,407,857)	
Compensated absences	<u>(241,457)</u>	
Total		<u>(1,649,314)</u>
Net assets of governmental activities		<u>\$ 6,373,204</u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF SUPERIOR
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General Fund	Fire Fund	Law Fund
REVENUES			
Taxes	\$ 382,029	\$ 1,524,252	\$ 653,286
Special assessments			
Licenses and permits			
Law enforcement			88,885
Accounting fees	17,600		
Trailer fees	4,307		
Cable fees	110,173		
State shared revenue	779,482		
Departmental fees	7,050		
Planning department professional fees	321,479		
Summer tax levy	19,895		
Solid waste	1,110		
Building department	45,234		
ROW fees	9,534		
Ordinance fees	2,665		
Release of liability	14,933	36,222	15,000
Donations	84,046	1,500	
Charges for services		3,700	
Rental income			
Administration fees			
Fines and forfeitures			31,686
Interest income	65,064	25,575	6,709
Other income	4,045	453	143
Reimbursement	<u>11,949</u>	<u>10,407</u>	<u> </u>
Total revenues	<u>1,880,595</u>	<u>1,602,109</u>	<u>795,709</u>
EXPENDITURES			
Elected officials	486,283		
General government	1,063,944		
Roads	109,307		
Library	46,000		
Building department			
Fire protection		1,623,392	
Fire building construction			
Parks and recreation			
Law enforcement			731,126
Side street maintenance			
Utilities	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>1,705,534</u>	<u>1,623,392</u>	<u>731,126</u>
Excess (deficiency) of revenues over (under) expenditures	175,061	(21,283)	64,583
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(224,983)</u>	<u>(744,358)</u>	<u> </u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(49,922)	(765,641)	64,583
FUND BALANCE, JANUARY 1, 2005	<u>951,818</u>	<u>1,068,997</u>	<u>12,753</u>
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 901,896</u>	<u>\$ 303,356</u>	<u>\$ 77,336</u>

The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

<u>Building Fund</u>	<u>Other Non-major Funds</u>	<u>Totals</u>
\$	\$	\$
	80,364	2,559,567
492,824		80,364
		492,824
		88,885
		17,600
		4,307
		110,173
		779,482
		7,050
		321,479
		19,895
		1,110
		45,234
		9,534
		2,665
		66,155
	11,250	96,796
	11,580	15,280
	15,895	15,895
3,440		3,440
		31,686
18,844	25,993	142,185
4,175		8,816
		22,356
<u>519,283</u>	<u>145,082</u>	<u>4,942,778</u>
		486,283
		1,063,944
		109,307
		46,000
437,790		437,790
	27,344	1,650,736
	236,777	236,777
	220,613	220,613
		731,126
	20,650	20,650
	55,875	55,875
<u>437,790</u>	<u>561,259</u>	<u>5,059,101</u>
81,493	(416,177)	(116,323)
	969,341	
81,493	553,164	(116,323)
<u>682,284</u>	<u>452,530</u>	<u>3,168,382</u>
<u>\$ 763,777</u>	<u>\$ 1,005,694</u>	<u>\$ 3,052,059</u>

CHARTER TOWNSHIP OF SUPERIOR
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ (116,323)
--	--------------

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 277,858	
Depreciation expense	(91,955)	
Disposal of asset	<u>(1,670)</u>	

Net	184,233
-----	---------

Repayment of bond and contract payable is an expenditure in the governmental funds, but the repayment deducts long-term liabilities in the Statement of Net Assets.

Repayment of bonds payable	47,143
----------------------------	--------

Accrued absences for vacation and sick time for the employees is Recorded on the Statement of Net Assets

Accrued absences at December 31, 2005	(241,457)	
Accrued absences at December 31, 2003	<u>219,385</u>	

Net	<u>(22,072)</u>
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Change in net assets of governmental activities	<u>\$ 92,981</u>
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The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

CHARTER TOWNSHIP OF SUPERIOR
 PROPRIETARY FUND - WATER AND SEWER FUND
 STATEMENT OF NET ASSETS
 DECEMBER 31, 2005

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,233,087	
Due from other funds	11,276	
Accounts receivable - billing	360,653	
Accounts receivable - other	78,504	
Prepaid expenses	19,560	
Inventory	<u>32,057</u>	
Total current assets		\$ 1,735,137

RESTRICTED ASSETS

Cash and cash equivalents		11,550,370
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PROPERTY, PLANT, EQUIPMENT AND CONSTRUCTION IN PROGRESS

Building	42,902	
Water and sewer systems	12,421,925	
Equipment and improvements	777,985	
Office improvements	16,460	
Office equipment	62,565	
Vehicles	217,702	
Metering program	105,500	
Construction in progress	<u>2,646,711</u>	
	16,291,750	
Less accumulated depreciation	<u>2,332,376</u>	
Net property, plant and equipment		<u>13,959,374</u>
Total assets		<u>27,244,881</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	201,860	
Accrued sick and vacation	31,032	
Customer deposits	605,582	
Contract payable (from restricted assets)	235,000	
Bonds payable (from restricted assets)	65,714	
Due to other funds	<u>17,815</u>	
Total current liabilities		1,157,003

LONG-TERM LIABILITIES

Contract payable (from restricted assets)	5,095,000	
Bonds payable (from restricted assets)	<u>1,811,429</u>	
Total long term liabilities		<u>6,906,429</u>
Total liabilities		8,063,432

NET ASSETS

NET ASSETS

Invested in capital assets, net of related debt	6,752,231	
Unrestricted	<u>12,429,218</u>	
Total net assets		<u>\$ 19,181,449</u>

The accompanying notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF SUPERIOR
 PROPRIETARY FUND, WATER AND SEWER FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2005

OPERATING REVENUES	
Charges for services	\$ 2,532,528
Meter sales	77,939
Other revenues	<u>59,888</u>
Total operating revenues	<u>2,670,355</u>
OPERATING EXPENSES	
Water and sewer purchases	1,604,091
Depreciation	354,464
Operating supplies and meters	107,105
Office expenses	7,956
Professional services	14,516
Salaries and wages	352,668
Payroll taxes	27,560
Taxable benefits	16,443
Health insurance	66,493
Pension	33,397
Telephone	10,349
Insurance	15,057
Transportation	8,197
Utilities	4,820
Repairs and maintenance	86,268
Publications	4,637
Office rent	9,391
Memberships and dues	2,919
Computer expenses	9,086
Training and other employee expense	4,266
Uniforms	2,118
Health savings expense	9,000
Leased equipment	<u>5,110</u>
Total operating expenses	<u>2,755,911</u>
OPERATING (LOSS)	<u>(85,556)</u>
NON-OPERATING REVENUES AND (EXPENSES)	
Interest income - operations	40,826
Interest income - restricted	328,331
Interest expense - debt	(282,198)
Agency fees - debt	<u>(494)</u>
Total non-operating revenues and (expenses)	<u>86,465</u>
Income before capital contributions	<u>909</u>
CAPITAL CONTRIBUTIONS	
Connection fees - cash	1,721,693
Developer non-cash contributions	<u>1,327,323</u>
Total capital contributions	<u>3,049,016</u>
Change in net assets	3,049,925
NET ASSETS, JANUARY 1, 2005	<u>16,131,524</u>
NET ASSETS, DECEMBER 31, 2005	<u>\$ 19,181,449</u>
The accompanying notes are an integral part of the financial statements.	

CHARTER TOWNSHIP OF SUPERIOR
WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:

Cash received from users	\$ 5,719,371
Cash payments to employees	(352,668)
Cash payments to suppliers	<u>(1,761,397)</u>

Net cash from operating activities \$ 3,605,306

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED
FINANCING ACTIVITIES

Interest on restricted assets	328,331
Acquisition of equipment and construction	(3,621,256)
Principle payments on contract payable	(287,857)
Interest payments on contract payable	<u>(282,692)</u>

Net cash (used in) capital and related
financing activities (3,863,474)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on cash and cash equivalents 40,826

Net increase in cash and cash equivalents (217,342)

CASH AND CASH EQUIVALENTS, JANUARY 1, 2005 13,000,799

CASH AND CASH EQUIVALENTS, DECEMBER 31, 2005 \$ 12,783,457

RECONCILIATION OF OPERATING (LOSS) TO NET CASH FROM
(USED IN) OPERATING ACTIVITIES:

Operating (loss)	\$ (85,556)
Adjustments to reconcile operating income to net cash from (used in) operating activities:	
Depreciation	354,464
Water and sewer connection fees	3,049,016
Changes in assets and liabilities	
(Increase) in accounts receivable	(61,225)
(Increase) in prepaid expenses	(14,806)
(Increase) in inventory	20,076
Increase in accounts payable	(125,382)
Increase in accrued vacation and sick	(156,851)
(Decrease) in due to other funds	14,596
(Increase) in due from other funds	7,205
Increase in customer deposits	<u>603,769</u>

Total net cash from operating activities \$ 3,605,306

The accompanying notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Charter Township of Superior was incorporated February 26, 1979, under the provision of Public Act 90 of 1976, as amended. The policies of the Charter Township of Superior conform to generally accepted accounting principles as applicable to governmental units.

The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Building Fund accounts for the activities related to operating the building department. This fund is primarily supported through the collection of business licenses and permits.

The Fire Fund accounts for the activities related to operating fire protection services. This fund is primarily supported through the collection of property taxes.

The Law Enforcement Fund accounts for the activities related to operating police protection services. This fund is primarily supported through the collection of property taxes and charges for services.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

1. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
2. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
3. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

C. BUDGETARY DATA

The Township approves budgets for the general and special revenue funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis.

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2004 levy was assessed at an adjusted taxable value of \$434,747,390. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

General township operations	.8752
Police	1.5000
Fire	<u>3.5000</u>
Total millage	<u>5.8752</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	10 to 50 years
Machinery and equipment	5 to 40 years

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

F. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of Charter Township of Superior as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. These amounts are reported as current assets in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 202,096	\$ 7,917
Fire Fund	448,833	13,552
Street light	29,857	56,449
Building department	1,548	9,040
Law Fund	192,349	
Ground Maintenance	8,436	
Parks	43	3,642
Sewer and Water	11,276	17,815
Trust and Agency		5,390
Current tax		799,447
Payroll	16,138	5,000
Fire reserve	<u>7,676</u>	
Total	<u>\$ 918,252</u>	<u>\$ 918,252</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - GOVERNMENTAL AND PROPRIETARY CAPITAL ASSETS

A summary of changes in governmental fund capital assets is as follows:

	Audited Balance 1/1/05	Additions	Deletions	Audited Balance 12/31/05
Land	\$ 991,001	\$	\$	\$ 991,001
Buildings				
Fire department	332,440	2,217,549		2,549,989
General	1,454,768	16,623		1,471,391
Parks	207,925			207,925
Vehicles				
Building department	24,163	12,470		36,633
Fire department	1,020,000	27,344	40,000	1,007,344
Parks	23,459			23,459
Equipment				
General	47,819	12,673		60,492
Fire department	28,089	13,820		41,909
Parks	112,032			112,032
Construction – fire	<u>2,022,621</u>	<u>194,928</u>	<u>2,217,549</u>	<u> </u>
	<u>\$ 6,264,317</u>	<u>\$ 2,495,407</u>	<u>\$ 2,257,549</u>	<u>\$ 6,502,175</u>
Depreciation expense				
General		\$ 35,770		
Building department		6,080		
Fire		35,506		
Parks		<u>14,599</u>		
		<u>\$ 91,955</u>		

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. Depreciation expense was recorded in the general government expense portion of the Statement of Activities. There was \$1,407,857 debt related to these capital assets.

Investment in capital assets:

Historical cost	\$ 6,502,175
Less: Bonds payable	(1,407,857)
Less: Accumulated depreciation	<u>(1,531,716)</u>

Investment in capital assets, net of related debt \$ 3,562,602

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4 - GOVERNMENTAL FUND AND PROPRIETARY CAPITAL ASSETS (continued)

A summary of changes in capital assets and depreciation for the water and sewer fund is as follows:

	Balance 1/1/05	Additions	Deletions	Balance 12/31/05
Building	\$ 42,902	\$		\$ 42,902
Water and Sewer Systems	10,971,624	1,450,301		12,421,925
Equipment and Improvements	719,645	58,339		777,984
Office Improvements	16,460			16,460
Office equipment	62,565			62,565
Vehicles	217,702			217,702
Metering program	<u>105,500</u>			<u>105,500</u>
Total cost	12,136,398	1,508,640		13,645,038
Less accumulated depreciation	<u>1,977,912</u>	<u>354,464</u>		<u>2,332,376</u>
Net property, plant and equipment	10,158,486	1,154,176		11,312,662
Construction in progress	<u>534,096</u>	<u>2,293,930</u>	<u>181,315</u>	<u>2,646,711</u>
Net property, plant, equipment and construction in progress	<u>\$ 10,692,582</u>	<u>\$ 3,448,106</u>	<u>\$ 181,315</u>	<u>\$ 13,959,373</u>

Depreciation for the systems, equipment, improvements and software is charged as an expense against operations.

Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Water and Sewer Systems	40 years
System Improvements	30 years
Building	30 years
Office Improvements	15 years
Equipment, Furniture and Software	7 years

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 5 - LONG-TERM DEBT

A. Governmental Fund Long-Term Debt

Accrued Compensated Absences – The Township has recorded a liability in the Statement of Net Assets account group for compensated absences of the general, park, building and fire funds. The policies regarding compensated absences are outlined in the Township's "Rules of Employment" and the "Township Fire Department Agreement".

During 2003 the Township sold bonds totaling \$3.5M (2003 General Obligation Capital Improvement Bonds) of which \$1.5M was used to help finance the construction of a new fire hall and \$2M was used for various water and sewer projects. The \$1.5M was recorded as part of long-term debt. The \$2M was recorded as a liability in the Enterprise Water and Sewer Fund. Interest varies from 2.5% to 4.0%. The debt is payable to Comerica securities (purchaser).

The following summarizes changes in the Township's governmental funds' long-term debt for 2005:

<u>Description</u>	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/05</u>
Accrued compensated absences	\$ 219,385	\$ 22,072	\$	\$ 241,457
2003 Capital Improvement Bonds Fire Hall	<u>1,455,000</u>	<u></u>	<u>47,143</u>	<u>1,407,857</u>
Totals	<u>\$ 1,674,385</u>	<u>\$ 22,072</u>	<u>\$ 47,143</u>	<u>\$ 1,649,314</u>

B. Proprietary Fund Long-Term Debt

The Townships Water and Sewer Fund has two long-term debt obligations which are as follows:

- Sanitary Sewer System No. 2 Contract Payable – Superior and Ypsilanti Townships jointly reconstructed and improved various parts of a shared sewer system. The total cost was approximately \$8.9M broken out by township as follows:

Superior Township	\$ 6,350,000	71.34831%
Ypsilanti Township	<u>2,550,000</u>	<u>28.65169%</u>
Total	<u>\$ 8,900,000</u>	<u>100.0%</u>

In order to finance the project, the two townships sold bonds in the year 2000 pursuant to the provisions of Act No. 233, Public Acts of Michigan, 1955, as amended. The bonds were sold by Ypsilanti Community Utilities Authority (YCUA). The bonds are payable solely from the proceeds of contractual payments to be paid by the townships to the Authority pursuant to the contract, between the townships and the Authority. Superior Township has pledged its respective limited tax full faith and credit for the payment of its respective contractual payments. Interest ranges between 5% and 5.1% per annum.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 5 - LONG-TERM DEBT (continued)

- 2003 Capital Improvement Bonds Payable – As previously mentioned under governmental fund long-term debt the Township sold bonds of which \$2M of proceeds were used to finance various water and sewer construction projects and was recorded separately as a liability in the water and sewer fund.

The following summarizes changes in the Township's Proprietary Fund (water and sewer) long-term debt for 2005:

<u>Description</u>	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/05</u>
Sanitary Sewer #2 Contract Payable	\$5,555,000	\$	\$ 225,000	\$5,330,000
2003 Capital Improvement Bonds Payable	<u>1,940,000</u>	<u> </u>	<u>62,857</u>	<u>1,877,143</u>
Totals	<u>\$7,495,000\$</u>	<u>\$</u>	<u>287,857</u>	<u>\$ 7,207,143</u>

The following is a schedule of future required principle and interest payments due from Superior Township for long-term debt:

Governmental Fund Long-Term Debt

<u>Year</u>	2003 Capital Improvement Bonds – Fire Hall		
	<u>Total</u>	<u>Principle</u>	<u>Interest</u>
2006	\$ 96,379	\$ 49,286	\$ 47,093
2007	97,263	51,429	45,834
2008	100,208	55,714	44,494
2009	100,932	57,857	43,075
2010	101,451	60,000	41,451
2011 - 2015	528,227	351,428	176,799
2016 - 2020	561,559	452,143	109,416
2021 - 2023	<u>350,229</u>	<u>330,000</u>	<u>20,229</u>
Total	<u>\$1,936,248</u>	<u>\$1,407,857</u>	<u>\$ 528,391</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 5 - LONG-TERM DEBT (continued)

Proprietary Long-Term Debt

<u>Year</u>	<u>Sanitary Sewer #2 Contract Payable</u>		
	<u>Total</u>	<u>Principle</u>	<u>Interest</u>
2006	\$ 505,948	\$ 235,000	\$ 270,948
2007	509,198	250,000	259,198
2008	506,698	260,000	246,698
2009	508,697	275,000	233,697
2010	509,810	290,000	219,810
2011 - 2015	2,583,840	1,725,000	858,840
2016 - 2020	<u>2,660,159</u>	<u>2,295,000</u>	<u>365,159</u>
Total	<u>\$ 7,784,350</u>	<u>\$5,330,000</u>	<u>\$2,454,350</u>

<u>Year</u>	<u>2004 Capital Improvement Bonds - Water and Sewer</u>		
	<u>Total</u>	<u>Principle</u>	<u>Interest</u>
2006	\$ 128,504	\$ 65,714	\$ 62,790
2007	129,683	68,571	61,112
2008	133,612	74,286	59,326
2009	134,575	77,143	57,432
2010	135,269	80,000	55,269
2011 - 2015	704,302	468,571	235,731
2016 - 2020	748,747	602,858	145,889
2021 - 2023	<u>466,972</u>	<u>440,000</u>	<u>26,972</u>
Total	<u>\$ 2,581,664</u>	<u>\$1,877,143</u>	<u>\$ 704,521</u>

<u>Year</u>	<u>Total Proprietary Long-Term Debt</u>		
	<u>Total</u>	<u>Principle</u>	<u>Interest</u>
2006	\$ 634,452	\$ 300,714	\$ 333,738
2007	638,881	318,571	320,310
2008	640,310	334,286	306,024
2009	643,272	352,143	291,129
2010	645,079	370,000	275,079
2011 - 2015	3,288,142	2,193,571	1,094,571
2016 - 2020	3,408,906	2,897,858	511,048
2021 - 2023	<u>466,972</u>	<u>440,000</u>	<u>26,972</u>
Total	<u>\$ 10,366,014</u>	<u>\$7,207,143</u>	<u>\$3,158,871</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 6 - STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. For purposes of the statement of cash flows, the enterprise fund considers all investments to be cash equivalents due to the highly liquid nature of the investments.

The direct method was utilized to present cash flows from operations. The following is the beginning and ending balances for cash and cash equivalents:

	<u>1/1/05</u>	<u>12/31/05</u>
Unrestricted - operations		
Cash and cash equivalents	\$ 1,362,195	\$ 1,233,087
Restricted		
Cash and cash equivalents	<u>11,638,604</u>	<u>11,550,370</u>
Total	<u>\$ 13,000,799</u>	<u>\$ 12,783,457</u>

The restricted cash and cash equivalents consists of the following:

Capital (construction, replacement, improvement)	\$ 9,629,720
Bond proceeds (2005 construction fund)	7,016
Debt service	1,271,074
Eyde utility study (escrow)	50,764
Section 36 - (escrow)	<u>591,796</u>
Total restricted cash and equivalents	<u>\$ 11,550,370</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 7 - PENSION PLAN - DEFINED CONTRIBUTION PLAN

On October 1, 1967, the Charter Township of Superior signed a single employer defined contribution pension plan with Manulife Financial in order to establish a pension plan which will provide retirement for its employees.

The employees of the fire department are covered under a separate retirement plan (defined benefit plan) as explained in the following footnote.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits a participant will receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns on the investments of those contributions.

The plan year is the twelve month period beginning January 1, and ending on the following December 31.

Participants currently eligible must be 18 years of age and work no less than 20 hours per week except for certain positions which include elected officials (supervisor, treasurer, clerk and trustees) and the ordinance officer. Each participant maintains an individual account on the records of the plan. Each account reflects employer contributions, employee contributions, earnings and fees.

The vested right in each account is based upon time of service with the township for the employer's share of contributions. The employee is 100% vested upon completion of 20 months of service. The employees' share of contributions to the plan are 100% vested at all times.

The employees' contributions to the plan are made on an after tax basis. The employee must contribute 5% of his or her gross compensation annually. The employee has the option to contribute an additional after tax amount up to 10% of his or her gross compensation annually. The employer's contribution is 10% of the employees' gross compensation annually, and is non-taxable at the time of contribution. The total annual contributions are limited for each employee to the lesser of \$30,000 or 25% of total non-deferred taxable compensation.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 7 - PENSION PLAN - DEFINED CONTRIBUTION PLAN (continued)

The following summarizes the activity in the plan for 2005:

Total value January 1, 2005	\$ 889,880
Employer contributions	46,940
Employee contributions	24,536
Net investment (loss) from pooled accounts	<u>54,629</u>
Total additions	126,105
Payments to participants	(162,313)
Contract charges	<u>(8,764)</u>
Total deductions	<u>(171,077)</u>
Total value December 31, 2005	<u>\$ 844,908</u>
Covered payroll	<u>\$ 490,720</u>
Total payroll excluding fireman's payroll	<u>\$ 1,206,552</u>

NOTE 8 - PENSION PLAN - DEFINED BENEFIT PLAN

The fire department of the township participates in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS) that is administered by the State of Michigan.

The MERS program was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the State of Michigan. The township has no fiduciary responsibility for the plan. All full-time employees of the fire department are eligible to participate in the plan immediately upon employment.

As of December 31, 2005 the fire department had nine covered employees and approximately 26 total employees. Covered and total payrolls for the year ended December 31, 2005 of the fire department were \$534,081 and \$495,034 respectively.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 8 - PENSION PLAN - DEFINED BENEFIT PLAN (continued)

The Township is covered under benefit program B-3. The plan provides for vesting of benefits after 10 years of service. Participants may elect normal retirement at age 60, with 10 or more years of service. The plan also provides for early retirement at age 55, with 15 or more years of service, and at age 50 with 25 or more years of service.

Employees contribute 6% of their gross wages on a calendar year basis.

The following information, which is the most current available, was extracted from the township's actuarial consultants, (Segal Company) report as of December 31, 2004 (which may be obtained at the Superior Township Hall). The amount shown as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to (a) help users assess the plan's funding status on a going-concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) allow for comparisons among public employee retirement plans. The measure is independent of the actuarial funding method used to determine contributions to the plan.

The unfunded actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2005. Significant actuarial assumptions used in determining the unfunded actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.5% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement. For the year ending December 31, 2005 Superior Township contributed \$47,087.

Analysis of fund progress:

<u>VALUATION DATE</u>	<u>NUMBER</u>	<u>ANNUAL PAYROLL</u>	<u>ACCRUED LIABILITIES</u>	<u>VALUATION ASSETS</u>	<u>FUNDED PERCENT</u>	<u>UNFUNDED ACCRUED</u>
1990		\$	\$ 126,375	\$ 0	0	\$ 126,375
1991			253,270	30,912	12	222,358
1992			271,655	66,830	25	204,825
1993	6	242,862	491,619	108,968	22	382,651
1994	6	254,429	545,011	152,721	28	392,290
1995	6	260,370	618,348	234,594	38	383,754
1996	6	275,251	695,418	324,617	47	370,801
1997	6	288,844	772,786	433,854	56	338,932
1998	6	309,950	885,802	551,617	62	334,185
1999	6	314,248	966,209	692,510	72	273,699
2000	6	315,410	1,097,035	817,170	74	279,865
2001	6	317,189	1,316,845	940,122	71	376,723
2002	7	414,654	1,487,259	1,002,937	67	484,322
2003	9	534,081	1,585,665	1,145,915	72	439,750
2004	9	495,034	2,749,453	1,929,568	70	819,885

No current information could be provided for the year ended December 31, 2005

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 8 - PENSION PLAN - DEFINED BENEFIT PLAN (continued)

At December 31, 2004, the unfunded pension benefit obligation was \$819,885, determined as follows:

Pension Benefit Obligation:

Retirees and beneficiaries currently receiving benefits	\$ 871,028
Terminated employees not yet receiving benefits	153,728
Current employees -	
Accumulated employee contributions including allocated investment income	713,852
Employer financed - Vested	<u>1,010,845</u>
 Total actuarial accrued liability	 2,749,453
 Net assets available for benefits, actuarial value (Market Value is \$1,883,488)	 <u>1,929,568</u>
 Unfunded actuarial accrued liability	 <u><u>\$ 819,885</u></u>
 Fiscal Year Beginning	 January 1
 Annual Required Contribution (ARC)	 \$ 105,060
 Amortization Factor Used	 0.053632

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 9 - FUND BALANCE RESERVATIONS AND DESIGNATIONS

The following is a summary of all reservations and designations of fund balances for all governmental fund types.

	<u>General Fund</u>	<u>Fire Reserves</u>	<u>Building Fund</u>	<u>Parks and Recreation</u>	<u>Total</u>
RESERVED:					
Park land development	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 12,414</u>	<u>\$ 12,414</u>
DESIGNATED:					
Parkland				6,932	6,932
Truck replacement		436,507			436,507
Compensated absences	21,452	200,955	41,426		263,833
Bond payment		97,306			97,306
General reserve	<u> </u>	<u> </u>	<u>277,820</u>	<u> </u>	<u>277,820</u>
Total designated	<u>\$ 21,452</u>	<u>\$734,768</u>	<u>\$319,246</u>	<u>\$ 6,932</u>	<u>\$1,082,398</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 10 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>	<u>Bank Balance</u>
Insured	\$ 300,000	\$	\$ 300,000	300,000
Uninsured and uncollateralized	<u>15,454,811</u>	<u>3,276,132</u>	<u>18,730,943</u>	<u>19,672,996</u>
Total deposits	<u>\$ 15,754,811</u>	<u>\$ 3,276,132</u>	<u>\$ 19,030,943</u>	<u>\$ 19,972,996</u>

NOTE 11 - MERS POST EMPLOYMENT HEALTH CARE SAVINGS PROGRAM

The Township adopted the MERS post employment health care savings plan during 2005. The program is an employer sponsored program that allows employees to save money in an account that can be used for medical expenses and (or) health insurance premiums after termination of service

Beginning for January 2006 the Township contributed \$102 per employee per month to individual accounts for each employee. The employee must be considered full time status (37.5 hours per week) to be eligible. To make up for previous years of service, the Township created a compensation schedule with years of service for 15 - 25 years being weighted heavier than years 1 -14. Based on this schedule, a lump sum was deposited in each employee's account by the Township. For each employee to receive the lump sum start-up money a signed release and settlement agreement releasing the Township from a previously adopted retirement health care program was completed by each employee.

For 2005 the Township made total contributions to the program on behalf of employees of \$640,800 of which \$39,600 was applicable to 2005 and \$601,200 was applicable for years of service prior to 2005. The water and sewer fund accrued its share of years prior to 2005 in 2004 in the amount of \$160,000. The remaining governmental funds did not accrue anything in 2004.

The Township requires employees to contribute toward their account an amount based on the employee's employment class. There are more than several different classes of employees. The mandated contributions range from 2% of compensation to 50% of compensation.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 11 - MERS POST EMPLOYMENT HEALTH CARE SAVINGS PROGRAM (continued)

The Township contribution is subject to a vesting schedule as follows:

<u>Employees service</u>	<u>Vested Percentage</u>
Prior to six (6) years full time employment	0%
Six (6) years but less than nine (9) years full time employment	25%
Nine (9) years but less than twelve (12) years full time employment	50%
Twelve (12) years but less than fifteen (15) years full time employment	75%
Fifteen (15) or more years full time employment	100%

The mandated employee contributions are vested immediately and are withheld as pretax contributions.

Employees may also make elective (additional) contributions to the program on a post tax basis.

All contributions are invested in the MERS portfolio and grow tax free. When an employee retires the savings account is available for tax free reimbursement of medical expenses and (or) health insurance premiums for employees, and spouses and dependents of employees.

NOTE 12 - CONTINGENT LIABILITIES - LITIGATION

The Township is currently involved in several disputes related to assessment and zoning matters. Some of these disputes could result in substantial costs to the township. An estimate of the costs could not be made as of the report date.

NOTE 13 - ECONOMIC DEPENDENCY

The water and sewer fund is economically dependent on one unit, St. Joseph Hospital. This unit makes up for approximately 26% of the total billings of the system.

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 14 - POST EMPLOYMENT BENEFITS

Per the 2001 – 2005 Superior Township Firefighters Contract, an employee who retires after completing twenty-five years of retirement credited service shall be eligible to receive medical insurance, as does the spouse.

A total of \$18,045 was spent this year on Retirees Health Insurance. No actuarial evaluation has been made for this program.

NOTE 15 - GRANT ACTIVITIES AND CONTINGENCIES

The grants have been received by the Charter Township of Superior for various fire department and parks and recreation activities. These grants are subject to financial and compliance audits by the grantors or their representatives. The audits for the year ended December 31, 2005 have not yet been completed.

**NOTE 16 - RECONCILIATION OF FUND FINANCIAL STATEMENTS
TO GOVERNMENT - WIDE FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet		\$ 3,052,059
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Historical cost	\$ 6,502,175	
Depreciation	<u>(1,531,716)</u>	
Capital assets net of depreciation		4,970,459
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These include:		
Bonds payable	(1,407,857)	
Compensated absences	<u>(241,457)</u>	
Total		<u>(1,649,314)</u>
Net assets of governmental activities		<u>\$ 6,373,204</u>

CHARTER TOWNSHIP OF SUPERIOR
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 16 - RECONCILIATION OF FUND FINANCIAL STATEMENTS
TO GOVERNMENT - WIDE FINANCIAL STATEMENTS (continued)**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - governmental funds	\$ (116,323)
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Governmental funds report capital outlay as expenditures.
However, in the Statement of activities the cost of those assets
is allocated over their useful lives as depreciation expense. The
amount by which capital outlays exceeded depreciation is as follows:

Capital outlay	\$ 277,858	
Depreciation expense	(91,955)	
Disposal of assets	<u>(1,670)</u>	
Total		184,233

Repayment of bond and contracts payable is an expenditure in
governmental funds, but the repayment reduces long-term liabilities
in the Statement of Net assets

Repayment of bonds payable	47,143
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Accrued absences for vacation and sick time for the employees is
recorded on the Statement of Net Assets.

Accrued absences at December 31, 2005	(241,457)	
Accrued absences at December 31, 2003	<u>219,385</u>	
Total		<u>(22,072)</u>

Change in net assets of governmental activities	<u>\$ 92,981</u>
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REQUIRED
SUPPLEMENTARY
INFORMATION

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgets			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 382,160	\$ 382,160	\$ 382,029	\$ (131)
Accounting services	18,000	18,000	17,600	(400)
Trailer fees	4,900	4,900	4,307	(593)
Cable TV fees	94,000	94,000	110,173	16,173
Election reimbursement		10,509	11,949	1,440
State shared revenues	803,859	803,859	779,482	(24,377)
Departmental fees	6,000	7,000	7,050	50
Planning department professional fees	306,800	297,163	321,479	24,316
Summer tax collection fees	19,450	19,450	19,895	445
Solid waste	1,400	1,400	1,110	(290)
Interest income	15,050	47,753	65,064	17,311
Building fund contribution	40,000	46,000	45,234	(766)
ROW fees	7,569	9,534	9,534	
Ordinance violation fees	2,000	2,000	2,665	665
Release of liability		14,933	14,933	
Other income	3,590	3,591	4,045	454
Donation		84,046	84,046	
Total revenues	1,704,778	1,846,298	1,880,595	34,297
EXPENDITURES				
Township board	156,310	164,861	143,662	21,199
Township supervisor	75,833	91,533	91,427	106
Elections	20,100	21,157	15,808	5,349
Accountant	94,561	110,964	110,429	535
Assessor	152,178	181,633	176,452	5,181
Township attorney	24,000	51,000	39,781	11,219
Township clerk	75,931	90,331	86,350	3,981
Board of review	1,175	1,675	749	926
Township treasurer	154,837	169,237	164,844	4,393
Computer service department	46,332	47,519	41,879	5,640
Buildings and grounds	51,000	78,785	75,732	3,053
Special projects	25,210	243,379	210,093	33,286
Cemetery upkeep	1,200	1,200	1,200	
Ordinance enforcement	16,350	16,350	13,281	3,069
Planning commission	361,378	353,591	343,393	10,198
Zoning board of appeals	1,116	2,666	2,275	391
Design review board	698	698	308	390
Wetlands board	2,316	2,316	870	1,446
Roads	134,178	151,927	109,307	42,620
Solid waste management system	14,300	14,300	12,062	2,238
Transportation system	19,037	19,049	19,048	1
Economic development	1,000	1,000		1,000
Library	46,000	46,000	46,000	
Contingencies	6,000	1,000	584	416
Total expenditures	1,481,040	1,862,171	1,705,534	156,637

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgets</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Excess of revenues				
Excess of revenues over (under)				
expenditures	\$ 223,738	\$ (15,873)	175,061	\$ 190,934
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(214,738)</u>	<u>(224,983)</u>	<u>(224,983)</u>	
Excess of revenues				
over (under) expenditures and other				
financing sources (uses)	9,000	(240,856)	(49,922)	190,834
FUND BALANCE, JANUARY 1, 2005	<u>951,818</u>	<u>951,818</u>	<u>951,818</u>	
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 960,818</u>	<u>\$ 710,962</u>	<u>\$ 901,896</u>	<u>\$ 190,934</u>

CHARTER TOWNSHIP OF SUPERIOR
BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgets		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Business licenses and permits	\$ 540,000	\$ 492,000	\$ 492,824	\$ 824
Administration fees	2,000	2,000	3,440	1,440
Interest income	4,000	12,500	18,844	6,344
Inspection revenue	5,000	5,000	4,175	(825)
Total revenues	551,000	511,500	519,283	7,783
EXPENDITURES				
Accountant	15,000	16,400	18,187	(1,787)
Computer support	12,000	18,500	15,896	2,604
Maintenance	4,500	11,000	10,583	417
Salaries	184,499	185,999	175,174	10,825
Contract services	117,000	92,000	77,744	14,256
Training	2,000	2,000	1,565	435
Payroll taxes	14,718	14,718	14,352	366
Health insurance	15,059	51,734	50,674	1,060
Prescription reimbursement	1,087	2,287	16	2,271
Taxable benefits	16,789	14,589	15,904	(1,315)
Pension	17,645	17,645	17,322	323
Office supplies	1,500	1,500	271	1,229
Postage	2,400	2,400	1,410	990
Operating supplies	3,000	3,800	3,775	25
Equipment	5,000			
Professional services	7,000	7,000	4,462	2,538
Telephone	4,000	4,000	2,947	1,053
Insurance	7,000	7,000	6,091	909
Transportation	9,000	6,000	3,540	2,460
Meals and lodging	2,000	200	93	107
Utilities	2,000	2,000		2,000
Repairs and maintenance	3,500	1,000	2,183	(1,183)
Equipment rental			333	(333)
Membership and dues	1,500	1,500	1,205	295
Books and periodicals	3,500	1,000	419	581
Printing and publishing	625	625	1,174	(549)
Equipment		12,470	12,470	
Construction board of appeals	750	750		750
Total expenditures	453,072	478,117	437,790	40,327
Excess of revenues over expenditures	97,928	33,383	81,493	48,110
FUND BALANCE, JANUARY 1, 2005	682,284	682,284	682,284	
FUND BALANCE, DECEMBER 31, 2005	\$ 780,212	\$ 715,667	\$ 763,777	\$ 48,110

CHARTER TOWNSHIP OF SUPERIOR
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgets		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 1,527,795	\$ 1,527,795	\$ 1,524,252	\$ (3,543)
Charges for services	4,000	4,000	3,700	(300)
Interest income	14,000	31,529	25,575	(5,954)
Insurance reimbursement		10,407	10,407	
Release of liability		36,222	36,222	
Other income			453	453
Donation			1,500	1,500
Total revenues	1,545,795	1,609,953	1,602,109	(7,844)
EXPENDITURES				
Salaries	586,176	593,176	584,810	8,366
Fire chief - salary	35,476	35,476	32,308	3,168
Fire marshal - salary	9,500	9,500	9,332	168
Part-time wages	20,000	32,500	30,164	2,336
Training	4,000	5,000	4,110	890
Payroll taxes	50,396	57,096	54,942	2,154
Health insurance	83,081	419,281	421,293	(2,012)
Prescription reimbursement	1,000	1,250	1,247	3
Taxable benefits	8,562	19,762	15,964	3,798
Benefit time cash out	10,000	51,550	48,372	3,178
Pension	58,000	42,407	42,849	(442)
Pension - chief	3,867	3,867	4,238	(371)
Uniform allowance	10,472	10,472	10,541	(69)
Food allowance	9,960			
Holiday allowance	6,450	6,450	6,318	132
Office supplies	2,000	500	105	395
Operating supplies	60,000	60,000	50,757	9,243
Repairs and maintenance - supplies	8,000	11,000	8,497	2,503
Professional services	17,600	17,600	13,141	4,459
Telephone	30,000	30,000	25,714	4,286
Meals and lodging	1,000	1,000	480	520
Fire prevention	1,000	1,000	419	581
Insurance and bonds	50,000	50,000	53,514	(3,514)
Utilities	25,000	29,000	28,672	328
Repairs and maintenance - equipment	40,000	40,000	48,502	(8,502)
Equipment and rental		4,500	3,074	1,426
Books and periodicals	2,500	2,500	945	1,555
Memberships and dues	3,500	3,500	1,822	1,678
Contingency	103,000	3,000	481	2,519
Debt principle	47,143	47,143	47,143	
Debt interest	48,300	48,300	48,298	2
Equipment	15,000	25,340	25,340	
Total expenditures	1,350,983	1,662,170	1,623,392	38,778

CHARTER TOWNSHIP OF SUPERIOR
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		
Excess of revenues over expenditures	194,812	(52,217)	(21,283)	30,934
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(194,812)</u>	<u>(209,984)</u>	<u>(744,358)</u>	<u>(534,374)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)		(262,201)	(765,641)	(503,440)
FUND BALANCE, JANUARY 1, 2005	<u>1,068,997</u>	<u>1,068,997</u>	<u>1,068,997</u>	
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 1,068,997</u>	<u>\$ 806,796</u>	<u>\$ 303,356</u>	<u>\$ (503,440)</u>

CHARTER TOWNSHIP OF SUPERIOR
LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgets			Variance with Final Budget Over (Under)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 654,983	\$ 654,983	\$ 653,286	\$ (1,697)
Fines and forfeits	25,000	25,000	31,686	6,686
Law enforcement	88,885	88,885	88,885	
Interest	1,500	4,557	6,709	2,152
Miscellaneous income			143	143
Release of liability		15,000	15,000	
Total revenues	<u>770,368</u>	<u>788,425</u>	<u>795,709</u>	<u>7,284</u>
EXPENDITURES				
Crime Control	751,580	730,580	730,321	259
Neighborhood Watch	4,453	4,453	504	3,949
Tax chargebacks		500	301	199
Total expenditures	<u>756,033</u>	<u>735,533</u>	<u>731,126</u>	<u>4,407</u>
Excess (deficiency) of revenues over (under) expenditures	14,335	52,892	64,583	11,691
FUND BALANCE, JANUARY 1, 2005	<u>12,753</u>	<u>12,753</u>	<u>12,753</u>	
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 27,088</u>	<u>\$ 65,645</u>	<u>\$ 77,336</u>	<u>\$ 11,691</u>

CHARTER TOWNSHIP OF SUPERIOR
SCHEDULES OF PENSION FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005

In accordance with the Governmental Accounting Standards Board Statements No. 25 and 27, the following information is a required part of the basic financial statements.

PARTICIPATING EMPLOYEES

<u>VALUATION DATE</u>	<u>NUMBER</u>	<u>ANNUAL PAYROLL</u>	<u>ACCRUED LIABILITIES</u>	<u>VALUATION ASSETS</u>	<u>FUNDED PERCENT</u>	<u>UNFUNDED ACCRUED</u>
1990		\$	\$ 126,375	\$ 0	0	\$ 126,375
1991			253,270	30,912	12	222,358
1992			271,655	66,830	25	204,825
1993	6	242,862	491,619	108,968	22	382,651
1994	6	254,429	545,011	152,721	28	392,290
1995	6	260,370	618,348	234,594	38	383,754
1996	6	275,251	695,418	324,617	47	370,801
1997	6	288,844	772,786	433,854	56	338,932
1998	6	309,950	885,802	551,617	62	334,185
1999	6	314,248	966,209	692,510	72	273,699
2000	6	315,410	1,097,035	817,170	74	279,865
2001	6	317,189	1,316,845	940,122	71	376,723
2002	7	414,654	1,487,259	1,002,937	67	484,322
2003	9	534,081	1,585,665	1,145,915	72	439,750
2004	9	495,034	2,749,453	1,929,568	70	819,885

No current information could be provided for the year ended December 31, 2005.

SUPPLEMENTARY
INFORMATION

COMBINING
FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF SUPERIOR
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005

	<u>Building Fund</u>	<u>Fire Fund</u>	<u>Fire Reserves</u>
<u>ASSETS</u>			
ASSETS			
Cash and cash equivalents	\$ 772,003	\$ 487,095	\$ 727,092
Accounts receivable - taxes		1,041,506	
Accounts receivable - special assessments			
Due from other funds	1,548	448,833	7,676
Accounts receivable - other		93	
Prepaid expenditures	<u>2,176</u>	<u>51,669</u>	<u> </u>
Total assets	<u>\$ 775,727</u>	<u>\$ 2,029,196</u>	<u>\$ 734,768</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
LIABILITIES			
Accounts payable	\$ 2,910	\$ 19,083	\$
Deferred revenue		1,693,205	
Due to other funds	<u>9,040</u>	<u>13,552</u>	<u> </u>
Total liabilities	<u>11,950</u>	<u>1,725,840</u>	<u> </u>
FUND BALANCE			
Reserved:			
Park land development			
Unreserved:			
Designated	319,246		734,768
Undesignated	<u>444,531</u>	<u>303,356</u>	<u> </u>
Total fund equity	<u>763,777</u>	<u>303,356</u>	<u>734,768</u>
Total liabilities and fund equity	<u>\$ 775,727</u>	<u>\$ 2,029,196</u>	<u>\$ 734,768</u>

<u>Parks and Recreation Fund</u>	<u>Law Enforcement Fund</u>	<u>Streetlight Fund</u>	<u>Side Street Maintenance Fund</u>	<u>Totals</u>
\$ 151,677	\$ 155,986	\$ 60,103	\$ 2,941	\$ 2,356,897
	446,341			1,487,847
		34,131	8,985	43,116
43	192,349	29,857	8,436	688,742
1,000	11,776	98		12,967
<u>2,122</u>				<u>55,967</u>
<u>\$ 154,842</u>	<u>\$ 806,452</u>	<u>\$ 124,189</u>	<u>\$ 20,362</u>	<u>\$ 4,645,536</u>

\$ 4,183	\$ 3,487	\$ 5,199	\$ 17,420	\$ 34,862
	725,629			2,436,254
<u>3,642</u>		<u>56,449</u>		<u>82,683</u>
<u>7,825</u>	<u>729,116</u>	<u>61,648</u>	<u>17,420</u>	<u>2,553,799</u>

12,414				12,414
6,932				1,060,946
<u>127,671</u>	<u>77,336</u>	<u>62,541</u>	<u>2,942</u>	<u>1,018,377</u>
<u>147,017</u>	<u>77,336</u>	<u>62,541</u>	<u>2,942</u>	<u>2,091,737</u>
<u>\$ 154,842</u>	<u>\$ 806,452</u>	<u>\$ 124,189</u>	<u>\$ 20,362</u>	<u>\$ 4,645,536</u>

CHARTER TOWNSHIP OF SUPERIOR
ALL AGENCY FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005

	Trust and Agency Fund	Current Tax Fund	Payroll Fund	Totals
<u>ASSETS</u>				
ASSETS				
Cash and cash equivalents	\$ 537,980	\$ 2,698,776	\$ 39,376	\$ 3,276,132
Due from other funds			16,138	16,138
Due from others			308	308
Total assets	<u>\$ 537,980</u>	<u>\$ 2,698,776</u>	<u>\$ 55,822</u>	<u>\$ 3,292,578</u>
 <u>LIABILITIES</u>				
LIABILITIES				
Due to others	\$ 532,590	\$ 1,899,329	\$ 50,822	\$ 2,482,741
Due to other funds	<u>5,390</u>	<u>799,447</u>	<u>5,000</u>	<u>809,837</u>
Total liabilities	<u>\$ 537,980</u>	<u>\$ 2,698,776</u>	<u>\$ 55,822</u>	<u>\$ 3,292,578</u>

CHARTER TOWNSHIP OF SUPERIOR
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Building Fund	Fire Fund	Fire Reserves	Parks and Recreation Fund
REVENUES				
Taxes	\$	\$ 1,524,252	\$	\$
Special assessments				
Licenses and permits	492,824			
Donations		1,500		11,250
Grants				
Charges for services		3,700		11,580
Rental income				15,895
Administration fees	3,440			
Fines and forfeitures				
Insurance reimbursement		10,407		
Release of liability		36,222		
Interest income	18,844	25,575	17,754	3,050
Other income	4,175	453		
	<u>519,283</u>	<u>1,602,109</u>	<u>17,754</u>	<u>41,775</u>
Total revenues				
EXPENDITURES				
Building department	437,790			
Fire protection		1,623,392	27,344	
Parks and recreation				
Administration				61,600
Recreation				21,302
Maintenance and improvements				119,371
Buildings and grounds				18,340
Law enforcement				
Crime control				
Neighborhood watch				
Tax chargebacks				
Side street maintenance				
Utilities				
	<u>437,790</u>	<u>1,623,392</u>	<u>27,344</u>	<u>220,613</u>
Total expenditures				
Excess of revenues over (under) expenditures	81,493	(21,283)	(9,590)	(178,838)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)		(744,358)	744,358	224,983
Excess of revenues over (under) expenditures and other financing sources	81,493	(765,641)	734,768	46,145
FUND BALANCE, JANUARY 1, 2005	<u>682,284</u>	<u>1,068,997</u>		<u>100,872</u>
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 763,777</u>	<u>\$ 303,356</u>	<u>\$ 734,768</u>	<u>\$ 147,017</u>

Law Enforcement Fund	Streetlight Fund	Side Street Maintenance Fund	Totals (Memorandum Only)	
			2005	2004
\$ 653,286	\$ 62,944	\$	\$ 2,177,538	\$ 1,699,771
			80,364	
		17,420	492,824	500,349
			12,750	3,775
				20,672
88,885			104,165	101,431
			15,895	15,691
			3,440	2,250
31,686			31,686	32,817
			10,407	
15,000			51,222	
6,709	1,535	258	73,725	26,272
143			4,771	10,820
<u>795,709</u>	<u>64,479</u>	<u>17,678</u>	<u>3,058,787</u>	<u>2,413,848</u>
			437,790	356,387
			1,650,736	1,187,715
			61,600	52,425
			21,302	25,919
			119,371	125,312
			18,340	31,103
730,321			730,321	691,415
504			504	832
301			301	655
		20,650	20,650	13,400
	<u>55,875</u>		<u>55,875</u>	<u>57,923</u>
<u>731,126</u>	<u>55,875</u>	<u>20,650</u>	<u>3,116,790</u>	<u>2,543,086</u>
64,583	8,604	(2,972)	(58,003)	(129,238)
			224,983	(277,952)
64,583	8,604	(2,972)	166,980	(407,190)
<u>12,753</u>	<u>53,937</u>	<u>5,914</u>	<u>1,924,757</u>	<u>2,331,947</u>
<u>\$ 77,336</u>	<u>\$ 62,541</u>	<u>\$ 2,942</u>	<u>\$ 2,091,737</u>	<u>\$ 1,924,757</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 556,031
Accounts receivable - taxes	260,426
Accounts receivable - state shared revenues	262,724
Accounts receivable - other	127,480
Due from other funds	202,096
Prepaid expenditures	<u>29,240</u>

Total assets		<u>\$ 1,437,997</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 104,802
Deferred revenue	423,382
Due to other funds	<u>7,917</u>

Total liabilities		\$ 536,101
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FUND BALANCE

Unreserved	
Undesignated	880,444
Designated	<u>21,452</u>

Total fund balance		<u>901,896</u>
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Total liabilities and fund balance		<u>\$ 1,437,997</u>
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CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES	\$ 1,846,298	\$ 1,880,595	\$ 34,297
EXPENDITURES	<u>1,862,171</u>	<u>1,705,534</u>	<u>156,637</u>
Excess of revenues over expenditures before other financing sources	(15,873)	175,061	190,934
OTHER FINANCING (USES)			
Transfers (out)	<u>(224,983)</u>	<u>(224,983)</u>	<u> </u>
Excess (deficiency) of revenues over expenditures after other financing sources	(240,856)	(49,922)	190,934
FUND BALANCE, JANUARY 1, 2005	<u>951,818</u>	<u>951,818</u>	<u> </u>
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 710,962</u>	<u>\$ 901,896</u>	<u>\$ 190,934</u>

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 382,160	\$ 382,029	\$ (131)
Accounting services	18,000	17,600	(400)
Trailer fees	4,900	4,307	(593)
Cable TV fees	94,000	110,173	16,173
Election reimbursement	10,509	11,949	1,440
State shared revenues	803,859	779,482	(24,377)
Departmental fees	7,000	7,050	50
Planning department professional fees	297,163	321,479	24,316
Summer tax levy	19,450	19,895	445
Solid waste	1,400	1,110	(290)
Interest income	47,753	65,064	17,311
Building fund contribution	46,000	45,234	(766)
ROW fees	9,534	9,534	
Ordinance violation fees	2,000	2,665	665
Release of liability	14,933	14,933	
Other income	3,591	4,045	454
Donation	<u>84,046</u>	<u>84,046</u>	
Total revenues	<u>\$ 1,846,298</u>	<u>\$ 1,880,595</u>	<u>\$ 34,297</u>

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Salaries	\$ 11,000	\$ 9,100	\$ 1,900
Assistant wages	21,000	17,459	3,541
Part-time wages	800	43	757
Contract services		24	(24)
Training	1,500	1,342	158
Payroll taxes	2,510	2,241	269
Health insurance	518	1,046	(528)
Prescription Reimbursement	1,800	1,062	738
Taxable benefits	818	533	285
Pension	3,200	1,907	1,293
Unemployment taxes	7,039	7,039	
Office supplies	10,064	6,513	3,551
Postage	16,600	14,552	2,048
Professional services	7,000	4,031	2,969
Professional services - other	8,500	9,200	(700)
Telephone	8,000	9,932	(1,932)
Insurance and bonds	26,000	25,557	443
Transportation	3,200	2,868	332
Meals and lodging	1,000	402	598
Printing and publishing	4,100	3,621	479
Printing for resale	2,000	712	1,288
Printing and publishing - newsletter	6,112	6,987	(875)
Repairs and maintenance	6,600	5,241	1,359
Equipment rental	2,200	2,184	16
Books and periodicals	200	205	(5)
Memberships and dues	13,000	9,688	3,312
Bank charges	100	173	(73)
	<u>164,861</u>	<u>143,662</u>	<u>21,199</u>
Total			

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP SUPERVISOR			
Salary	60,147	60,147	
Payroll taxes	4,914	4,829	85
Health insurance	17,269	17,244	25
Taxable benefits	4,091	3,857	234
Pension	<u>5,112</u>	<u>5,350</u>	<u>(238)</u>
Total	<u>91,533</u>	<u>91,427</u>	<u>106</u>
ELECTIONS			
Salaries	5,257	4,885	372
Exempt salary	8,000	7,358	642
Payroll taxes	500	331	169
Supplies	2,400	1,474	926
Printing and publishing	2,000	442	1,558
Professional services	1,000		1,000
Equipment	500		500
Postage	<u>1,500</u>	<u>1,318</u>	<u>182</u>
Total	<u>21,157</u>	<u>15,808</u>	<u>5,349</u>
ACCOUNTANT			
Salary	39,714	40,106	(392)
Assistant	28,314	27,748	566
Training	300	80	220
Payroll taxes	5,460	5,436	24
Health insurance	24,890	24,652	238
Taxable benefits	4,149	4,149	
Pension	7,137	7,523	(386)
Operating supplies	<u>1,000</u>	<u>735</u>	<u>265</u>
Total	<u>110,964</u>	<u>110,429</u>	<u>535</u>

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ASSESSOR			
Salary	51,184	51,184	
Assistant wages	32,500	32,243	257
Other staff	32,500	29,297	3,203
Contract services	6,100	4,395	1,705
Telephone	600		600
Training	1,200	1,078	122
Payroll taxes	8,830	8,761	69
Health insurance	31,935	30,456	1,479
Taxable benefits	2,456	4,189	(1,733)
Pension	9,728	10,592	(864)
Operating supplies	2,200	1,788	412
Transportation	1,000	1,133	(133)
Meals and lodging	700	791	(91)
Memberships and dues	<u>700</u>	<u>545</u>	<u>155</u>
Total	<u>181,633</u>	<u>176,452</u>	<u>5,181</u>
TOWNSHIP ATTORNEY			
Professional services	<u>51,000</u>	<u>39,781</u>	<u>11,219</u>
TOWNSHIP CLERK			
Salary	53,275	53,275	
Deputy salary	1,800		1,800
Payroll taxes	4,212	2,812	1,400
Health insurance	25,716	24,936	780
Pension	<u>5,328</u>	<u>5,327</u>	<u>1</u>
Total	<u>90,331</u>	<u>86,350</u>	<u>3,981</u>
BOARD OF REVIEW			
Contract services	700	175	525
Salaries	500	380	120
Training	375	165	210
Transportation	<u>100</u>	<u>29</u>	<u>71</u>
Total	<u>1,675</u>	<u>749</u>	<u>926</u>

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP TREASURER			
Salary	53,275	53,275	
Deputy salary	29,913	29,894	19
Treasurer assistant	27,378	26,880	498
Training	500		500
Payroll taxes	8,771	8,591	180
Health insurance	32,412	30,667	1,745
Taxable benefits	4,091	3,857	234
Pension	9,397	9,778	(381)
Operating supplies	<u>3,500</u>	<u>1,902</u>	<u>1,598</u>
Total	<u>169,237</u>	<u>164,844</u>	<u>4,393</u>
COMPUTER SERVICE DEPARTMENT			
Salaries	3,370	3,222	148
Operating supplies	15,800	13,759	2,041
Professional service	11,000	10,790	210
Equipment	16,387	13,885	2,502
Payroll taxes	276	223	53
Pension	351		351
Training	200		200
Taxable benefits	<u>135</u>	<u> </u>	<u>135</u>
Total	<u>47,519</u>	<u>41,879</u>	<u>5,640</u>
BUILDINGS AND GROUNDS			
Salaries	12,980	12,075	905
Contract services	1,200	1,451	(251)
Payroll taxes	1,012	945	67
Pension	1,323	1,255	68
Taxable benefits	259	284	(25)
Operating supplies	6,300	4,922	1,378
Transportation	120	94	26
Utilities	20,759	21,006	(247)
Drains	13,126	13,126	
Repairs and maintenance	9,000	7,874	1,126
Equipment	12,700	12,673	27
Taxes	<u>6</u>	<u>27</u>	<u>(21)</u>
Total	<u>78,785</u>	<u>75,732</u>	<u>3,053</u>

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
SPECIAL PROJECTS			
Insect control	500	228	272
Internet project	2,600	1,990	610
Growth management	2,500	3,348	(848)
Rouge/Huron general permit/project	2,000	2,612	(612)
Geddes road traffic study	41,384	37,600	3,784
Rouge watershed	7,500	7,373	127
N.E. seniors program/Meals on Wheels	4,150	2,176	1,974
Miscellaneous projects	2,400		2,400
New park and recreation building	17,160	17,160	
Non-motorized pathway	90,325	91,122	(797)
2005 building renovation	16,700	16,623	77
Sewer system environmental impact study	51,000	29,861	21,139
Ordinance compilation	3,000		3,000
Huron watershed council	<u>2,160</u>		<u>2,160</u>
Total	<u>243,379</u>	<u>210,093</u>	<u>33,286</u>
CEMETERY UPKEEP	<u>1,200</u>	<u>1,200</u>	
ORDINANCE ENFORCEMENT			
Salaries - ordinance enforcement	5,716	5,716	
Salary - zoning officer	5,716	5,716	
Contract services	2,000	208	1,792
Payroll taxes	887	881	6
Taxable benefits	172	171	1
Pension	1,159	589	570
Operating supplies	200		200
Transportation	<u>500</u>		<u>500</u>
Total	<u>16,350</u>	<u>13,281</u>	<u>3,069</u>

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PLANNING COMMISSION			
Salaries	12,000	3,965	8,035
Assistant wages	38,916	40,896	(1,980)
Part time wages	1,500	125	1,375
Training	300	35	265
Health insurance	8,245	8,126	119
Payroll taxes	4,014	3,606	408
Taxable benefits	1,556	2,879	(1,323)
Pension	4,047	4,378	(331)
Professional services - engineering	178,940	158,839	20,101
Operating supplies		115	(115)
Professional fees - planning	101,673	117,617	(15,944)
Printing and publishing	<u>2,400</u>	<u>2,812</u>	<u>(412)</u>
Total	<u>353,591</u>	<u>343,393</u>	<u>10,198</u>
ZONING BOARD OF APPEALS			
Salary	1,100	720	380
Training	100		100
Contract services	1,000	1,140	(140)
Payroll taxes	16	89	(73)
Printing and publishing	<u>450</u>	<u>326</u>	<u>124</u>
Total	<u>2,666</u>	<u>2,275</u>	<u>391</u>
DESIGN REVIEW BOARD			
Salaries	300	100	200
Contract services	300	200	100
Payroll taxes	23	8	15
Printing and publishing	<u>75</u>		<u>75</u>
Total	<u>698</u>	<u>308</u>	<u>390</u>
WETLANDS BOARD			
Salaries	200	70	130
Payroll taxes	16	5	11
Professional services	1,000		1,000
Contract services	800	735	65
Printing and publishing	<u>300</u>	<u>60</u>	<u>240</u>
Total	<u>2,316</u>	<u>870</u>	<u>1,446</u>

CHARTER TOWNSHIP OF SUPERIOR
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ROADS			
Roads	<u>151,927</u>	<u>109,307</u>	<u>42,620</u>
 SOLID WASTE MANAGEMENT SYSTEM			
Recycling	10,000	8,721	1,279
Bag and tag	1,400	1,080	320
Rubbish collection	<u>2,900</u>	<u>2,261</u>	<u>639</u>
Total	<u>14,300</u>	<u>12,062</u>	<u>2,238</u>
 TRANSPORTATION SYSTEM			
A.A.T.A. contract	14,233	14,221	12
Demand response	<u>4,816</u>	<u>4,827</u>	<u>(11)</u>
Total	<u>19,049</u>	<u>19,048</u>	<u>1</u>
 ECONOMIC DEVELOPMENT			
W.D.C. contract	<u>1,000</u>		<u>1,000</u>
 LIBRARY			
Library contribution	<u>46,000</u>	<u>46,000</u>	
 CONTINGENCIES			
Tax chargebacks	<u>1,000</u>	<u>584</u>	<u>416</u>
Total expenditures	<u>\$ 1,862,171</u>	<u>\$ 1,705,534</u>	<u>\$ 156,637</u>

BUILDING
FUND

CHARTER TOWNSHIP OF SUPERIOR
BUILDING FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 772,003
Prepaid expenditures	2,176
Due from other funds	<u>1,548</u>

Total assets		<u>\$ 775,727</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,910
Due to other funds	<u>9,040</u>

Total liabilities		\$ 11,950
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FUND BALANCE

Unreserved	
Undesignated	444,531
Designated	<u>319,246</u>

Total fund balance		<u>763,777</u>
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Total liabilities and fund balance		<u>\$ 775,727</u>
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CHARTER TOWNSHIP OF SUPERIOR
BUILDING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Business licenses and permits	\$ 492,000	\$ 492,824	\$ 824
Administration fees	2,000	3,440	1,440
Interest	12,500	18,844	6,344
Inspection revenue	<u>5,000</u>	<u>4,175</u>	<u>(825)</u>
Total revenues	<u>511,500</u>	<u>519,283</u>	<u>7,783</u>
EXPENDITURES			
Accountant	16,400	18,187	(1,787)
Computer support	18,500	15,896	2,604
Maintenance	11,000	10,583	417
Salaries	185,999	175,174	10,825
Contract services	92,000	77,744	14,256
Training	2,000	1,565	435
Payroll taxes	14,718	14,352	366
Health insurance	51,734	50,674	1,060
Prescription reimbursement	2,287	16	2,271
Taxable benefits	14,589	15,904	(1,315)
Pension	17,645	17,322	323
Office supplies	1,500	271	1,229
Postage	2,400	1,410	990
Operating supplies	3,800	3,775	25
Professional services	7,000	4,462	2,538
Telephone	4,000	2,947	1,053
Insurance	7,000	6,091	909
Transportation	6,000	3,540	2,460
Meals and lodging	200	93	107
Utilities	2,000		2,000
Repairs and maintenance	1,000	2,183	(1,183)
Equipment rental		333	(333)
Membership and dues	1,500	1,205	295
Books and periodicals	1,000	419	581
Printing and publishing	625	1,174	(549)
Equipment	12,470	12,470	
Construction board of appeals	<u>750</u>		<u>750</u>
Total expenditures	<u>478,117</u>	<u>437,790</u>	<u>40,327</u>
Excess of revenues over expenditures	33,383	81,493	48,110
FUND BALANCE, JANUARY 1, 2005	<u>682,284</u>	<u>682,284</u>	
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 715,667</u>	<u>\$ 763,777</u>	<u>\$ 48,110</u>

FIRE
FUND

CHARTER TOWNSHIP OF SUPERIOR
FIRE FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 487,095	
Accounts receivable - others	93	
Accounts receivable - taxes	1,041,506	
Due from other funds	448,833	
Prepaid expenditures	<u>51,669</u>	
Total assets		<u>\$ 2,029,196</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 19,083	
Deferred revenue	1,693,205	
Due to other funds	<u>13,552</u>	
Total liabilities		\$ 1,725,840

FUND BALANCE

Unreserved		
Undesignated	<u>303,356</u>	
Total fund balance		<u>303,356</u>
Total liabilities and fund balance		<u>\$ 2,029,196</u>

CHARTER TOWNSHIP OF SUPERIOR
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 1,527,795	\$ 1,524,252	\$ (3,543)
Charges for services	4,000	3,700	(300)
Interest income	31,529	25,575	(5,954)
Insurance reimbursement	10,407	10,407	
Release of liability	36,222	36,222	
Other income		453	453
Donation		<u>1,500</u>	<u>1,500</u>
Total revenues	1,609,953	1,602,109	(7,844)
EXPENDITURES	<u>1,662,170</u>	<u>1,623,392</u>	<u>38,778</u>
Excess of revenues over expenditures	(52,217)	(21,283)	30,934
OTHER FINANCING (USES)			
Transfers (out)	<u>(209,984)</u>	<u>(744,358)</u>	<u>(534,374)</u>
Excess of revenues over (under) expenditures and other financing (uses)	(262,201)	(765,641)	(503,440)
FUND BALANCE, JANUARY 1, 2005	<u>1,068,997</u>	<u>1,068,997</u>	
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 806,796</u>	<u>\$ 303,356</u>	<u>\$ (503,440)</u>

CHARTER TOWNSHIP OF SUPERIOR
FIRE FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES			
Salaries	\$ 593,176	\$ 584,810	\$ 8,366
Fire chief - salary	35,476	32,308	3,168
Fire marshal - salary	9,500	9,332	168
Part-time wages	32,500	30,164	2,336
Training	5,000	4,110	890
Payroll taxes	57,096	54,942	2,154
Health insurance	419,281	421,293	(2,012)
Prescription reimbursement	1,250	1,247	3
Taxable benefits	19,762	15,964	3,798
Benefit time cash out	51,550	48,372	3,178
Pension	42,407	42,849	(442)
Pension - chief	3,867	4,238	(371)
Uniform allowance	10,472	10,541	(69)
Holiday allowance	6,450	6,318	132
Office supplies	500	105	395
Operating supplies	60,000	50,757	9,243
Repairs and maintenance - supplies	11,000	8,497	2,503
Professional services	17,600	13,141	4,459
Telephone	30,000	25,714	4,286
Meals and lodging	1,000	480	520
Fire prevention	1,000	419	581
Insurance and bonds	50,000	53,514	(3,514)
Utilities	29,000	28,672	328
Repairs and maintenance - equipment	40,000	48,502	(8,502)
Equipment and rental	4,500	3,074	1,426
Books and periodicals	2,500	945	1,555
Memberships and dues	3,500	1,822	1,678
Tax chargebacks	3,000	481	2,519
Debt principle	47,143	47,143	
Debt interest	48,300	48,298	2
Equipment	<u>25,340</u>	<u>25,340</u>	
Total expenditures	<u>\$ 1,662,170</u>	<u>\$ 1,623,392</u>	<u>\$ 38,778</u>

FIRE RESERVES
FUND

CHARTER TOWNSHIP OF SUPERIOR
FIRE RESERVES FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents
Due from other funds

\$ 727,092
7,676

Total assets

\$ 734,768

FUND BALANCE

FUND BALANCE

Designated fund balance

\$ 734,768

CHARTER TOWNSHIP OF SUPERIOR
FIRE RESERVES FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUES	
Interest	\$ 17,754
EXPENDITURES	
Equipment	<u>27,344</u>
Excess of revenues over (under) expenditures	(9,590)
OTHER FINANCING SOURCES	
Transfers in	<u>744,358</u>
Excess of revenue over (under) expenditures and other financing sources	734,768
FUND BALANCE, JANUARY 1, 2005	<u> </u>
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 734,768</u>

PARKS AND RECREATION
FUND

CHARTER TOWNSHIP OF SUPERIOR
PARKS AND RECREATION FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 151,677
Prepaid expenditures	2,122
Due from others	1,000
Due from other funds	<u>43</u>

Total assets		\$ <u>154,842</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 4,183
Due to other funds	<u>3,642</u>

Total liabilities		\$ 7,825
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FUND BALANCE

Reserved:	
Park land development	12,414
Unreserved:	
Designated	6,932
Undesignated	<u>127,671</u>

Total fund balance		<u>147,017</u>
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Total liabilities and fund balance		\$ <u>154,842</u>
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CHARTER TOWNSHIP OF SUPERIOR
PARKS AND RECREATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
User fees	\$ 13,261	\$ 11,580	\$ (1,681)
Interest income	468	3,050	2,582
Rental income	15,678	15,895	217
Donations	<u>650</u>	<u>11,250</u>	<u>10,600</u>
Total revenues	30,057	41,775	11,718
EXPENDITURES	<u>260,715</u>	<u>220,613</u>	<u>40,102</u>
Excess of revenues over (under) expenditures	(230,658)	(178,838)	51,820
OTHER FINANCING SOURCES			
Transfers in	<u>224,983</u>	<u>224,983</u>	<u> </u>
Excess of revenue over (under) expenditures and other financing sources	(5,675)	46,145	51,820
FUND BALANCE, JANUARY 1, 2005	<u>100,872</u>	<u>100,872</u>	<u> </u>
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 95,197</u>	<u>\$ 147,017</u>	<u>\$ 51,820</u>

CHARTER TOWNSHIP OF SUPERIOR
PARKS AND RECREATION FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ADMINISTRATION			
Salaries	\$ 32,718	\$ 31,908	\$ 810
Operating supplies	520		520
Payroll taxes	2,846	2,622	224
Taxable benefits	1,622	1,622	
Health insurance	8,339	8,263	76
Prescription reimbursement	312	156	156
Pension	2,866	2,532	334
Insurance and bonds	1,040	1,786	(746)
Office supplies	1,904	2,478	(574)
Professional services	1,248	1,677	(429)
Professional services - accountant	6,000	6,000	
Repairs and maintenance	250		250
Telephone	1,248	1,808	(560)
Transportation	305	150	155
Miscellaneous	30	430	(400)
Printing and publishing	<u>250</u>	<u>168</u>	<u>82</u>
Totals	<u>61,498</u>	<u>61,600</u>	<u>(102)</u>
RECREATION			
Salaries	21,069	14,188	6,881
Contract services	7,192	4,069	3,123
Payroll taxes	1,612	1,085	527
Operating supplies	5,454	931	4,523
Administration	780	12	768
Brochures and flyers	2,000		2,000
Pension		100	(100)
Admission fees		30	(30)
Repair and maintenance	1,000	647	353
Transportation	<u>1,040</u>	<u>240</u>	<u>800</u>
Totals	<u>40,147</u>	<u>21,302</u>	<u>18,845</u>

CHARTER TOWNSHIP OF SUPERIOR
PARKS AND RECREATION FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
MAINTENANCE AND IMPROVEMENTS			
Salaries	37,658	26,700	10,958
Seasonal wages	31,497	33,721	(2,224)
Payroll taxes	5,944	4,690	1,254
Health insurance	23,878	23,297	581
Taxable benefits	1,506	1,883	(377)
Pension	3,766	2,535	1,231
Operating supplies	3,422	3,640	(218)
Uniforms	1,287	599	688
Fuel and lubricants	2,392	3,990	(1,598)
Telephone	1,575	1,203	372
Transportation	131	4	127
Utilities	577	470	107
Repairs and maintenance	2,908	4,149	(1,241)
Controlled burns	3,275	3,675	(400)
Small tools	1,300	1,673	(373)
Equipment rental	8,839	6,119	2,720
Beautification project	1,550	475	1,075
Signage	1,154	177	977
Fertilizer	252	371	(119)
Contract services	1,045		1,045
Sand/gravel	<u>1,092</u>		<u>1,092</u>
Totals	<u>135,048</u>	<u>119,371</u>	<u>15,677</u>
BUILDINGS AND GROUNDS			
Salaries	6,968	7,479	(511)
Payroll taxes	534	575	(41)
Utilities	7,280	7,861	(581)
Repairs and maintenance	3,640	1,286	2,354
Capital improvement	3,000		3,000
Operating supplies	<u>2,600</u>	<u>1,139</u>	<u>1,461</u>
Totals	<u>24,022</u>	<u>18,340</u>	<u>5,682</u>
Total expenditures	<u>\$ 260,715</u>	<u>\$ 220,613</u>	<u>\$ 40,102</u>

LAW ENFORCEMENT
FUND

CHARTER TOWNSHIP OF SUPERIOR
LAW ENFORCEMENT FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 155,986
Accounts receivable - taxes	446,341
Accounts receivable - others	11,776
Due from other funds	<u>192,349</u>

Total assets

\$ 806,452

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 3,487
Deferred revenue	<u>725,629</u>

Total liabilities

\$ 729,116

FUND BALANCE

77,336

Total liabilities and fund balance

\$ 806,452

CHARTER TOWNSHIP OF SUPERIOR
LAW ENFORCEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 654,983	\$ 653,286	\$ (1,697)
Fines and forfeits	25,000	31,686	6,686
Law enforcement	88,885	88,885	
Interest	4,557	6,709	2,152
Miscellaneous income		143	143
Release of liability	<u>15,000</u>	<u>15,000</u>	
Total revenues	788,425	795,709	7,284
EXPENDITURES	<u>735,533</u>	<u>731,126</u>	<u>4,407</u>
Excess of revenues over (under) expenditures	52,892	64,583	11,691
FUND BALANCE, JANUARY 1, 2005	<u>12,753</u>	<u>12,753</u>	
FUND BALANCE, DECEMBER 31, 2005	<u><u>\$ 65,645</u></u>	<u><u>\$ 77,336</u></u>	<u><u>\$ 11,691</u></u>

CHARTER TOWNSHIP OF SUPERIOR
LAW ENFORCEMENT FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES			
Crime Control			
Contract services	\$ 711,080	\$ 711,080	\$
Operating supplies	100	47	53
Professional services	13,000	13,503	(503)
Printing and publishing	1,000		1,000
Utilities	5,100	5,246	(146)
Repairs and maintenance		145	(145)
Building additions and improvements	<u>300</u>	<u>300</u>	
Totals	<u>730,580</u>	<u>730,321</u>	<u>259</u>
Neighborhood Watch			
Salaries	2,000	468	1,532
Social security	153	36	117
Operating supplies	600		600
Transportation	100		100
Printing and publishing	800		800
Postage	<u>800</u>		<u>800</u>
Totals	<u>4,453</u>	<u>504</u>	<u>3,949</u>
Contingencies			
Tax chargebacks	<u>500</u>	<u>301</u>	<u>199</u>
Total expenditures	<u>\$ 735,533</u>	<u>\$ 731,126</u>	<u>\$ 4,407</u>

STREETLIGHT
FUND

CHARTER TOWNSHIP OF SUPERIOR
STREETLIGHT FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 60,103
Accounts receivable - special assessments	34,131
Due from other funds	29,857
Due from others	<u>98</u>

Total assets		<u>\$ 124,189</u>
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LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 5,199
Due to other fund	<u>56,449</u>

Total liabilities		\$ 61,648
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FUND BALANCE

	<u>62,541</u>
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Total liabilities and fund balance		<u>\$ 124,189</u>
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CHARTER TOWNSHIP OF SUPERIOR
STREETLIGHT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$ 56,570	\$ 62,944	\$ 6,374
Interest income	<u>200</u>	<u>1,535</u>	<u>1,335</u>
Total revenues	<u>56,770</u>	<u>64,479</u>	<u>7,709</u>
EXPENDITURES			
Utilities	52,664	55,358	(2,694)
Professional services	1,106	500	606
Miscellaneous expense	<u> </u>	<u>17</u>	<u>(17)</u>
Total expenditures	<u>53,770</u>	<u>55,875</u>	<u>(2,105)</u>
Excess of revenues over (under) expenditures	3,000	8,604	5,604
FUND BALANCE, JANUARY 1, 2005	<u>53,937</u>	<u>53,937</u>	<u> </u>
FUND BALANCE, DECEMBER 31, 2005	<u>\$ 56,937</u>	<u>\$ 62,541</u>	<u>\$ 5,604</u>

SIDE STREET
MAINTENANCE
FUND

CHARTER TOWNSHIP OF SUPERIOR
SIDE STREET MAINTENANCE FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash	\$ 2,941
Due from other funds	8,436
Accounts receivable - special assessments	<u>8,985</u>
Total assets	<u>\$ 20,362</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred revenues	\$ 17,420
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FUND BALANCE

2,942

Total liabilities and fund balance	<u>\$ 20,362</u>
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CHARTER TOWNSHIP OF SUPERIOR
SIDE STREET MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Special assessments	\$ 17,420	\$ 17,420	\$
Interest income	<u>21</u>	<u>258</u>	<u>237</u>
Total revenues	<u>17,441</u>	<u>17,678</u>	<u>237</u>
EXPENDITURES			
Contract services	13,650	13,400	250
Project costs	7,410	7,250	160
Operating supplies	<u>20</u>	<u></u>	<u>20</u>
Total expenditures	<u>21,080</u>	<u>20,650</u>	<u>430</u>
Excess of revenues over expenditures	(3,639)	(2,972)	667
FUND BALANCE, JANUARY 1, 2005	<u>5,914</u>	<u>5,914</u>	<u></u>
FUND BALANCE, DECEMBER 31, 2005	<u><u>\$ 2,275</u></u>	<u><u>\$ 2,942</u></u>	<u><u>\$ 667</u></u>

FIRE HALL
CONSTRUCTION
FUND

CHARTER TOWNSHIP OF SUPERIOR
FIRE HALL CONSTRUCTION FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents

\$ 58,426

FUND BALANCE

FUND BALANCE

\$ 58,426

CHARTER TOWNSHIP OF SUPERIOR
FIRE HALL CONSTRUCTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUES	
Interest income	\$ 3,396
EXPENDITURES	
Project costs	<u>236,777</u>
Excess of revenues	
Over (under) expenditures	(233,381)
FUND BALANCE, JANUARY 1, 2005	
	<u>291,807</u>
FUND BALANCE, DECEMBER 31, 2005	
	<u>\$ 58,426</u>

WATER AND
SEWER FUND

CHARTER TOWNSHIP OF SUPERIOR
WATER AND SEWER FUND
SCHEDULE OF OPERATIONS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Developer non-cash contributions	\$	\$ 1,327,323	\$ 1,327,323
Connection fees - cash		1,721,693	1,721,693
Charges for services	2,638,877	2,532,528	(106,349)
Interest income	326,598	369,157	42,559
Other revenue	65,032	59,888	(5,144)
Meter sales	<u>50,000</u>	<u>77,939</u>	<u>27,939</u>
Total revenues and receipts	<u>\$ 3,080,507</u>	<u>\$ 6,088,528</u>	<u>\$ 3,008,021</u>
EXPENSES			
Depreciation	\$ 346,825	\$ 354,464	\$ (7,639)
Salaries	356,546	352,668	3,878
Training and other employee expenses	6,000	4,266	1,734
Payroll taxes	28,000	27,560	440
Health insurance	76,283	75,493	790
Taxable benefits	17,000	16,443	557
Pension	35,000	33,397	1,603
Office expenses	9,800	7,956	1,844
Operating supplies and meters	100,000	107,105	(7,105)
Water and sewer purchases	1,695,000	1,604,091	90,909
Professional	25,600	14,516	11,084
Telephone	12,000	10,349	1,651
Insurance	15,500	15,057	443
Transportation	9,000	8,197	803
Printing and publishing	5,000	4,637	363
Utilities	5,000	4,820	180
Repairs and maintenance	79,000	86,268	(7,268)
Office rent	9,391	9,391	
Membership and dues	4,000	2,919	1,081
Interest expense - debt		282,692	(282,692)
Computer expenses	10,000	9,086	914
Uniforms	3,000	2,118	882
Leased equipment	<u>5,000</u>	<u>5,110</u>	<u>(110)</u>
Total expenses and disbursements	<u>\$ 2,852,945</u>	<u>\$ 3,038,603</u>	<u>\$ (185,658)</u>

This schedule is prepared on a budgetary basis for the operating accounts of the enterprise fund and as such does not present the results of operations on the basis of generally accepted accounting principles but is presented for supplemental information.

CHARTER TOWNSHIP OF SUPERIOR
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES -
OPERATING ACCOUNTS ONLY
FOR THE YEARS ENDED DECEMBER 31, 2005, 2004, 2003, 2002

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
REVENUES				
Charges for services	\$ 2,532,528	\$ 2,265,414	\$ 2,003,028	\$ 1,952,259
Meter sales and other revenue	<u>137,827</u>	<u>134,280</u>	<u>123,212</u>	<u>40,083</u>
Total revenues	<u>2,670,355</u>	<u>2,399,694</u>	<u>2,126,240</u>	<u>1,992,342</u>
EXPENSES				
Water and sewer purchases	1,604,091	1,423,004	1,199,998	1,204,163
Operating supplies and meters	107,105	123,512	96,075	30,755
Office expenses	7,956	13,563	6,502	8,778
Professional services	14,516	46,749	39,696	37,458
Salaries and wages	352,668	345,953	294,658	198,672
Payroll taxes	27,560	26,976	23,150	16,301
Taxable benefits	16,443	14,511	11,245	15,220
Health insurance	66,493	77,568	65,537	41,827
Pension	33,397	28,952	26,920	19,046
Telephone	10,349	10,431	9,972	7,701
Insurance	15,057	18,606	9,396	16,382
Transportation	8,197	5,293	3,621	2,185
Utilities	4,820	4,439	5,619	5,024
Repairs and maintenance	86,268	56,947	58,339	32,203
Printing and publishing	4,637	3,564	3,224	3,636
Office rent	9,391	9,030	8,600	8,190
Memberships and dues	2,919	3,227	1,017	3,485
Computer expenses	9,086	10,717	4,173	5,284
Training and other employee expenses	4,266	2,882	5,929	2,269
Uniforms	2,118	3,067	2,311	1,470
Health savings expense	9,000			
Lease equipment	<u>5,110</u>			
Total expenses	<u>2,401,447</u>	<u>2,228,991</u>	<u>1,875,982</u>	<u>1,660,049</u>
Net revenues over expenses	<u>\$ 268,908</u>	<u>\$ 170,703</u>	<u>\$ 250,258</u>	<u>\$ 332,293</u>

This schedule only includes operating revenues and expenses (excludes connection fees revenue, interest income, depreciation expense, and interest expense) and as such does not present results of operations on the basis of generally accepted accounting principles but is presented for supplementary information.

TRUST AND
AGENCY FUND

CHARTER TOWNSHIP OF SUPERIOR
TRUST AND AGENCY FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents

\$ 537,980

LIABILITIES

LIABILITIES

Due to others

\$ 532,590

Due to other funds

5,390

Total liabilities

\$ 537,980

CURRENT TAX
FUND

CHARTER TOWNSHIP OF SUPERIOR
CURRENT TAX FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents

\$ 2,698,776

LIABILITIES

LIABILITIES

Due to others

\$ 1,899,329

Due to other funds

799,447

Total liabilities

\$ 2,698,776

PAYROLL
FUND

CHARTER TOWNSHIP OF SUPERIOR
PAYROLL FUND
BALANCE SHEET
DECEMBER 31, 2005

ASSETS

ASSETS

Cash and cash equivalents	\$ 39,376
Due from others	308
Due from other funds	<u>16,138</u>

Total assets

\$ 55,822

LIABILITIES

LIABILITIES

Due to others	\$ 50,822
Due to other funds	<u>5,000</u>

Total liabilities

\$ 55,822

CHARTER TOWNSHIP
OF
SUPERIOR

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2005

John M. Pfeffer, C.P.A.
Patrick M. Hanniford, C.P.A.
Kenneth J. Palka, C.P.A.

Members:
AICPA Private Practice Companies Section
MACPA

225 E. Grand River - Suite 104
Brighton, Michigan 48116-1575
(810) 229-5550
FAX (810) 229-5578

April 13, 2005

Board of Trustees
Charter Township of Superior
3040 North Prospect Road
Ypsilanti, Michigan 48198

Honorable Board of Trustees:

In planning and performing our audit of the general purpose financial statements of the Charter Township of Superior for the year ended December 31, 2005, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

During our audit we became aware of several matters which we would like to discuss with you. Those matters are as follows:

1. COMMENT

There was a \$10,000 donation to the Parks and Recreation Department. The "thank you" letter to the donor from the Parks and Recreation Department was not in accordance with IRS regulations.

RECOMMENDATION

For the benefit of the donor we suggest in these situations the Township write a "thank you" letter in accordance with IRS guidelines. This would give the donor a document which would serve as a basis to take a tax deduction. We also suggest the Governing Board approve and receive the donation as well as approve an appropriate thank you letter.

2. COMMENT

The due to and due from accounts did not reconcile between all funds. Various insurance expenses recorded in the general ledger were difficult to reconcile with source documents (invoices from vendors).

RECOMMENDATION

We have discussed the above with the accountant and were able to reconcile the various amounts. In the future the accountant has agreed to prepare reconciliations verifying the amounts are correct.

3. COMMENT

While auditing disbursements we found one 1099 was not issued to a limited liability company which was paid over \$600 for the year.

RECOMMENDATION

1099's should be issued to all individuals, partnerships, and limited liability companies that provide services and are paid over \$600 for the calendar year.

4. COMMENT

Currently the accountant inputs receipts into the general ledger via journal entries.

RECOMMENDATION

We suggest the Township consider importing the data from the receipting system into the general ledger system. This would save time and use more of the capabilities of the accounting system.

This letter does not affect our report dated April 13, 2005, on the financial statements of the Charter Township of Superior.

We have already discussed these comments and recommendations with various township personnel, and we will be pleased to discuss them in further detail at your convenience.

This report is intended solely for the information and use of the Board of Trustees, and management of the Charter Township of Superior.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants